



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Stoddard County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Stoddard County, Missouri, for the two years ended December 31, 2002. A copy of this audit which was performed by Schott & Van de Ven, Certified Public Accountants, is attached.

Claire C. McCaskill  
State Auditor

Report No. 2003-82  
August 7, 2003

**STODDARD COUNTY, MISSOURI**

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**December 31, 2002 and 2001**

# **STODDARD COUNTY, MISSOURI**

**December 31, 2002 and 2001**

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# Schott & Van de Ven

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Stoddard County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2002 and 2001, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for

various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Stoddard County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2002 and 2001, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 16, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

SCHOTT & VAN DE VEN

May 16, 2003



# Schott & Van de Ven

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission

and

Officeholders of Stoddard County, Missouri

We have audited the special-purpose financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Stoddard County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Stoddard County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the County Commissioners in a separate letter dated May 16, 2003.

This report is intended for the information of the management of Stoddard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

SCHOTT & VAN DE VEN

May 16, 2003

Exhibit A-1

STODDARD COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 695,927	2,529,389	2,377,048	848,268
Special Road and Bridge	1,158,883	1,496,032	1,508,958	1,145,957
Assessment	142,165	249,195	222,818	168,542
Law Enforcement Training	6,907	5,169	4,504	7,572
Prosecuting Attorney Training	8,417	952	1,064	8,305
Drainage Districts	115,748	25,500	39,421	101,827
County Farm	56,750	0	0	56,750
Prosecuting Attorney Administration	18,615	17,737	22,005	14,347
Recorder Maintenance	15,877	24,744	9,677	30,944
Domestic Violence	10,145	3,354	6,000	7,499
Crime Reduction	161	0	0	161
Prosecuting Attorney Delinquent Tax	4,593	270	1,870	2,993
Archives	8,434	10,401	12,371	6,464
Use Tax	57,776	0	56,100	1,676
D.A.R.E.	0	0	0	0
Sheriff's Forfeiture	80	0	0	80
P.O.S.T.	9,234	2,380	1,472	10,142
Sheriff's Civil Process	7,677	26,461	17,423	16,715
Capital Improvements	460,693	444,319	815,974	89,038
Associate Circuit Division Interest	4,517	1,471	328	5,660
Circuit Division Interest	19,217	3,839	9,159	13,897
Law Library	8,965	12,107	11,101	9,971
Total	\$ 2,810,781	4,853,320	5,117,293	2,546,808

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit A-2

STODDARD COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 902,548	2,370,746	2,577,367	695,927
Special Road and Bridge	1,176,650	1,313,632	1,331,399	1,158,883
Assessment	112,146	255,578	225,559	142,165
Law Enforcement Training	5,800	5,330	4,223	6,907
Prosecuting Attorney Training	7,217	1,200	0	8,417
Drainage Districts	156,894	32,994	74,140	115,748
County Farm	57,593	0	843	56,750
Prosecuting Attorney Administration	33,469	18,403	33,257	18,615
Recorder Maintenance	15,156	17,797	17,076	15,877
Domestic Violence	12,072	4,073	6,000	10,145
Crime Reduction	3,835	161	3,835	161
Prosecuting Attorney Delinquent Tax	5,365	702	1,474	4,593
Archives	2,968	14,652	9,186	8,434
Use Tax	55,555	2,221	0	57,776
D.A.R.E.	799	48	847	0
Sheriff's Forfeiture	847	56	823	80
P.O.S.T.	8,597	2,825	2,188	9,234
Sheriff's Civil Process	5,235	20,189	17,747	7,677
Capital Improvements	306,455	2,561,356	2,407,118	460,693
Associate Circuit Division Interest	8,319	2,098	5,900	4,517
Circuit Division Interest	25,200	2,050	8,033	19,217
Law Library	7,604	13,565	12,204	8,965
Total	\$ 2,910,324	6,639,676	6,739,219	2,810,781

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## STODDARD COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TOTALS - VARIOUS FUNDS</u></b>						
RECEIPTS	\$ 4,931,227	4,835,903	(95,324)	6,885,929	6,621,963	(263,966)
DISBURSEMENTS	5,789,815	5,096,705	693,110	8,106,049	6,713,082	1,392,967
RECEIPTS OVER (UNDER) DISBURSEMENTS	(858,588)	(260,802)	597,786	(1,220,120)	(91,119)	1,129,001
CASH, JANUARY 1	2,778,082	2,778,082	0	2,869,201	2,869,201	0
CASH, DECEMBER 31	1,919,494	2,517,280	597,786	1,649,081	2,778,082	1,129,001
<b><u>GENERAL REVENUE FUND</u></b>						
RECEIPTS						
Property taxes	411,272	405,705	(5,567)	353,885	377,267	23,382
Sales taxes	1,050,000	1,170,760	120,760	1,002,000	1,038,581	36,581
Intergovernmental	566,329	459,152	(107,177)	544,883	497,168	(47,715)
Charges for services	321,500	380,656	59,156	286,200	302,396	16,196
Interest	65,000	14,239	(50,761)	66,500	65,620	(880)
Other	67,650	65,127	(2,523)	49,895	65,003	15,108
Transfers in	33,750	33,750	0	24,711	24,711	0
Total Receipts	2,515,501	2,529,389	13,888	2,328,074	2,370,746	42,672
DISBURSEMENTS						
County Commission	89,390	87,826	1,564	89,390	88,324	1,066
County Clerk	103,324	92,371	10,953	100,624	93,319	7,305
Elections	144,940	108,964	35,976	106,910	71,239	35,671
Buildings and grounds	133,172	133,098	74	106,967	93,230	13,737
Employee fringe benefits	287,358	236,864	50,494	259,356	257,428	1,928
County Treasurer	124,574	117,942	6,632	117,074	113,017	4,057
Ex Officio Recorder of Deeds	111,810	111,187	623	109,460	108,893	567
Circuit Clerk	24,000	21,366	2,634	26,500	15,822	10,678
Associate Circuit Court	21,500	17,889	3,611	21,000	20,027	973
Associate Circuit (Probate)	25,000	18,252	6,748	25,500	23,128	2,372
Court administration	11,051	10,314	737	13,523	9,152	4,371
Public Administrator	33,300	32,507	793	33,700	29,726	3,974
Sheriff	663,047	644,152	18,895	652,296	636,182	16,114
Prosecuting Attorney	146,486	130,815	15,671	132,936	119,628	13,308
Juvenile Officer	247,372	226,397	20,975	253,421	222,166	31,255
County Coroner	28,400	26,133	2,267	28,400	24,473	3,927
Building Improvements	50,000	44,009	5,991	50,000	11,084	38,916
Highway Engineer	100	0	100	100	0	100
Emergency Management	17,255	15,826	1,429	14,850	14,780	70
Other	126,137	111,786	14,351	128,763	128,756	7
Public health and welfare services	4,500	4,500	0	4,700	4,700	0
Transfers out	184,850	184,850	0	492,293	492,293	0
Emergency Fund	80,000	0	80,000	74,500	0	74,500
Total Disbursements	2,657,566	2,377,048	280,518	2,842,263	2,577,367	264,896
RECEIPTS OVER (UNDER) DISBURSEMENTS	(142,065)	152,341	294,406	(514,189)	(206,621)	307,568
CASH, JANUARY 1	695,927	695,927	0	902,548	902,548	0
CASH, DECEMBER 31	553,862	848,268	294,406	388,359	695,927	307,568
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Intergovernmental	1,625,000	1,478,755	(146,245)	1,589,700	1,254,015	(335,685)
Interest	40,000	17,277	(22,723)	23,500	59,617	36,117
Total Receipts	1,665,000	1,496,032	(168,968)	1,613,200	1,313,632	(299,568)
DISBURSEMENTS						
Road and bridge materials	20,000	817	19,183	20,000	665	19,335
Construction, repair, and maintenance	1,658,882	1,474,391	184,491	1,726,650	1,306,023	420,627
Transfers out	33,750	33,750	0	24,711	24,711	0
Total Disbursements	1,712,632	1,508,958	203,674	1,771,361	1,331,399	439,962
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,632)	(12,926)	34,706	(158,161)	(17,767)	140,394
CASH, JANUARY 1	1,158,883	1,158,883	0	1,176,650	1,176,650	0
CASH, DECEMBER 31	1,111,251	1,145,957	34,706	1,018,489	1,158,883	140,394

## Exhibit B

STODDARD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	253,400	248,124	(5,276)	250,900	249,032	(1,868)
Interest	3,500	1,071	(2,429)	1,700	6,546	4,846
Total Receipts	256,900	249,195	(7,705)	252,600	255,578	2,978
DISBURSEMENTS						
Assessor	304,899	222,818	82,081	297,384	225,559	71,825
Total Disbursements	304,899	222,818	82,081	297,384	225,559	71,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,999)	26,377	74,376	(44,784)	30,019	74,803
CASH, JANUARY 1	142,165	142,165	0	112,146	112,146	0
CASH, DECEMBER 31	94,166	168,542	74,376	67,362	142,165	74,803
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	5,100	5,169	69	4,550	5,093	543
Interest	100	0	(100)	100	237	137
Total Receipts	5,200	5,169	(31)	4,650	5,330	680
DISBURSEMENTS						
Sheriff	4,504	4,504	0	4,300	4,223	77
Total Disbursements	4,504	4,504	0	4,300	4,223	77
RECEIPTS OVER (UNDER) DISBURSEMENTS	696	665	(31)	350	1,107	757
CASH, JANUARY 1	6,907	6,907	0	5,800	5,800	0
CASH, DECEMBER 31	7,603	7,572	(31)	6,150	6,907	757
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	900	889	(11)	800	872	72
Interest	200	63	(137)	100	328	228
Total Receipts	1,100	952	(148)	900	1,200	300
DISBURSEMENTS						
Prosecuting Attorney	5,000	1,064	3,936	5,000	0	5,000
Total Disbursements	5,000	1,064	3,936	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,900)	(112)	3,788	(4,100)	1,200	5,300
CASH, JANUARY 1	8,417	8,417	0	7,217	7,217	0
CASH, DECEMBER 31	4,517	8,305	3,788	3,117	8,417	5,300
<b><u>DRAINAGE DISTRICTS</u></b>						
RECEIPTS						
Property Taxes	26,500	25,416	(1,084)	25,570	26,482	912
Interest	6,400	84	(6,316)	6,300	6,512	212
Total Receipts	32,900	25,500	(7,400)	31,870	32,994	1,124
DISBURSEMENTS						
Drainage Districts	75,000	39,421	35,579	75,000	74,140	860
Total Disbursements	75,000	39,421	35,579	75,000	74,140	860
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,100)	(13,921)	28,179	(43,130)	(41,146)	1,984
CASH, JANUARY 1	115,748	115,748	0	156,894	156,894	0
CASH, DECEMBER 31	73,648	101,827	28,179	113,764	115,748	1,984

## Exhibit B

## STODDARD COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COUNTY FARM FUND</u></b>						
RECEIPTS						
Charges for services	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Other	50,000	0	50,000	50,000	843	49,157
Total Disbursements	50,000	0	50,000	50,000	843	49,157
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50,000)	0	50,000	(50,000)	(843)	49,157
CASH, JANUARY 1	56,750	56,750	0	57,593	57,593	0
CASH, DECEMBER 31	6,750	56,750	50,000	7,593	56,750	49,157
<b><u>PROSECUTING ATTORNEY ADMINISTRATION FUND</u></b>						
RECEIPTS						
Charges for services	18,000	17,737	(263)	21,000	16,905	(4,095)
Interest	1,300	0	(1,300)	1,500	1,498	(2)
Total Receipts	19,300	17,737	(1,563)	22,500	18,403	(4,097)
DISBURSEMENTS						
Prosecuting Attorney	33,073	22,005	11,068	54,320	33,257	21,063
Total Disbursements	33,073	22,005	11,068	54,320	33,257	21,063
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,773)	(4,268)	9,505	(31,820)	(14,854)	16,966
CASH, JANUARY 1	18,615	18,615	0	33,469	33,469	0
CASH, DECEMBER 31	4,842	14,347	9,505	1,649	18,615	16,966
<b><u>RECORDER MAINTENANCE FUND</u></b>						
RECEIPTS						
Charges for services	17,000	22,549	5,549	15,000	15,648	648
Interest	1,000	2,195	1,195	1,000	2,149	1,149
Total Receipts	18,000	24,744	6,744	16,000	17,797	1,797
DISBURSEMENTS						
Recorder	17,899	9,677	8,222	17,122	17,076	46
Total Disbursements	17,899	9,677	8,222	17,122	17,076	46
RECEIPTS OVER (UNDER) DISBURSEMENTS	101	15,067	14,966	(1,122)	721	1,843
CASH, JANUARY 1	15,877	15,877	0	15,156	15,156	0
CASH, DECEMBER 31	15,978	30,944	14,966	14,034	15,877	1,843
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
RECEIPTS						
Charges for services	3,600	3,354	(246)	3,500	3,593	93
Interest	500	0	(500)	700	480	(220)
Total Receipts	4,100	3,354	(746)	4,200	4,073	(127)
DISBURSEMENTS						
Payments to shelters	6,000	6,000	0	6,000	6,000	0
Total Disbursements	6,000	6,000	0	6,000	6,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	(2,646)	(746)	(1,800)	(1,927)	(127)
CASH, JANUARY 1	10,145	10,145	0	12,072	12,072	0
CASH, DECEMBER 31	8,245	7,499	(746)	10,272	10,145	(127)

## Exhibit B

STODDARD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CRIME REDUCTION FUND</u></b>						
RECEIPTS						
Interest	0	0	0	0	161	161
Total Receipts	0	0	0	0	161	161
DISBURSEMENTS						
Prosecuting Attorney	161	0	161	3,835	3,835	0
Total Disbursements	161	0	161	3,835	3,835	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(161)	0	161	(3,835)	(3,674)	161
CASH, JANUARY 1	161	161	0	3,835	3,835	0
CASH, DECEMBER 31	0	161	161	0	161	161
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Charges for services	825	270	(555)	1,800	506	(1,294)
Interest	75	0	(75)	125	196	71
Total Receipts	900	270	(630)	1,925	702	(1,223)
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,870	130	2,000	1,474	526
Total Disbursements	2,000	1,870	130	2,000	1,474	526
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,600)	(500)	(75)	(772)	(697)
CASH, JANUARY 1	4,593	4,593	0	5,365	5,365	0
CASH, DECEMBER 31	3,493	2,993	(500)	5,290	4,593	(697)
<b><u>ARCHIVES</u></b>						
RECEIPTS						
Intergovernmental	552	551	(1)	7,700	1,308	(6,392)
Transfers In	9,850	9,850	0	13,344	13,344	0
Total Receipts	10,402	10,401	(1)	21,044	14,652	(6,392)
DISBURSEMENTS						
Other	18,823	12,371	6,452	24,012	9,186	14,826
Total Disbursements	18,823	12,371	6,452	24,012	9,186	14,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,421)	(1,970)	6,451	(2,968)	5,466	8,434
CASH, JANUARY 1	8,434	8,434	0	2,968	2,968	0
CASH, DECEMBER 31	13	6,464	6,451	0	8,434	8,434
<b><u>USE TAX FUND</u></b>						
RECEIPTS						
Interest	2,200	0	(2,200)	2,100	2,221	121
Total Receipts	2,200	0	(2,200)	2,100	2,221	121
DISBURSEMENTS						
Transfer Out	57,776	56,100	1,676	55,555	0	55,555
Total Disbursements	57,776	56,100	1,676	55,555	0	55,555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,576)	(56,100)	(524)	(53,455)	2,221	55,676
CASH, JANUARY 1	57,776	57,776	0	55,555	55,555	0
CASH, DECEMBER 31	2,200	1,676	(524)	2,100	57,776	55,676

## Exhibit B

STODDARD COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>D.A.R.E. FUND</u></b>						
RECEIPTS						
Other	0	0	0	500	48	(452)
Total Receipts	0	0	0	500	48	(452)
DISBURSEMENTS						
Sheriff	0	0	0	847	847	0
Total Disbursements	0	0	0	847	847	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(347)	(799)	(452)
CASH, JANUARY 1	0	0	0	799	799	0
CASH, DECEMBER 31	0	0	0	452	0	(452)
<b><u>SHERIFF'S FORFEITURE FUND</u></b>						
RECEIPTS						
Other	0	0	0	150	56	(94)
Total Receipts	0	0	0	150	56	(94)
DISBURSEMENTS						
Sheriff	0	0	0	847	823	24
Total Disbursements	0	0	0	847	823	24
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(697)	(767)	(70)
CASH, JANUARY 1	80	80	0	847	847	0
CASH, DECEMBER 31	80	80	0	150	80	(70)
<b><u>P.O.S.T. FUND</u></b>						
RECEIPTS						
Charges for services	3,200	2,380	(820)	2,150	2,825	675
Total Receipts	3,200	2,380	(820)	2,150	2,825	675
DISBURSEMENTS						
Sheriff	3,000	1,472	1,528	3,000	2,188	812
Total Disbursements	3,000	1,472	1,528	3,000	2,188	812
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	908	708	(850)	637	1,487
CASH, JANUARY 1	9,234	9,234	0	8,597	8,597	0
CASH, DECEMBER 31	9,434	10,142	708	7,747	9,234	1,487
<b><u>SHERIFF'S CIVIL PROCESS FUND</u></b>						
RECEIPTS						
Charges for services	20,000	26,461	6,461	17,000	20,090	3,090
Interest	0	0	0	0	99	99
Total Receipts	20,000	26,461	6,461	17,000	20,189	3,189
DISBURSEMENTS						
Sheriff	25,500	17,423	8,077	17,800	17,747	53
Total Disbursements	25,500	17,423	8,077	17,800	17,747	53
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500)	9,038	14,538	(800)	2,442	3,242
CASH, JANUARY 1	7,677	7,677	0	5,235	5,235	0
CASH, DECEMBER 31	2,177	16,715	14,538	4,435	7,677	3,242

Exhibit B

STODDARD COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CAPITAL IMPROVEMENTS FUND</u></b>						
RECEIPTS						
Intergovernmental	156,000	151,486	(4,514)	42,940	55,100	12,160
Interest	2,000	43,525	41,525	0	12,688	12,688
Other	43,524	74,308	30,784	2,045,177	2,014,619	(30,558)
Transfers In	175,000	175,000	0	478,949	478,949	0
Total Receipts	376,524	444,319	67,795	2,567,066	2,561,356	(5,710)
DISBURSEMENTS						
Building and Grounds	815,982	815,974	8	2,875,403	2,407,118	468,285
Total Disbursements	815,982	815,974	8	2,875,403	2,407,118	468,285
RECEIPTS OVER (UNDER) DISBURSEMENTS	(439,458)	(371,655)	67,803	(308,337)	154,238	462,575
CASH, JANUARY 1	460,693	460,693	0	306,455	306,455	0
CASH, DECEMBER 31	21,235	89,038	67,803	(1,882)	460,693	462,575

The accompanying Notes to the Financial Statements are an integral part of this statement.

STODDARD COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, or an elected county official. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.



Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Capital Improvement Fund for 2001.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division Interest Fund	2002 and 2001
Circuit Division Interest Fund	2002 and 2001
Law Library Fund	2002 and 2001

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at

financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The County's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral held by the County's custodial bank in the Stoddard County Treasurer's name.

3. Prior Period Adjustment

The archives fund's cash balance at January 1, 2001 as previously stated has been increased by \$8,000 to reflect a transfer from the general fund in December 2000, that was not recorded as a receipt into the archives fund until 2001.

## Schedule 1

STODDARD COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through State:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1204W	\$ 0	68,362
		ERS045-2204W	87,448	18,718
		ERS045-3204W	6,211	0
	Program Total		93,659	87,080
10.559	Summer Food Service Program for Children	ERS146-1204I	0	952
		ERS146-2204I	145	0
			145	952
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000-PF-155	3,280	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	95CFWX1931	0	11,129
16.585	Drug Court Planning	98-DC-VX-0032	0	6,058
Passed through:				
State Department of Public Safety -				
16.523	Juvenile Accountability Incentive Block Grant	98JAIBG-LG-020	0	55,100
		99JAIBG-LG-020	0	9,091
		JAIBG-LG-021	151,486	0
	Program Total		151,486	64,191
Missouri Sheriffs' Association -				
16.580	Methamphetamine Hot Spots	N/A	52,103	42,531

## Schedule 1

STODDARD COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through State Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-103	348,768	129,012
	Passed through State Department of Public Safety:			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,549	3,341
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through State Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	3,497	7,440
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through State:			
	Department of Health -			
93.043	Special Program for the Aging	N/A	0	1,435
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1204L	0	1,010
93.268	Immunization Grants	N/A	40,511	48,974
		PGA064-2204A	2,247	0
	Program Total		42,758	48,974
	Department of Social Services -			
93.563	Child Support Enforcement	ERO 103-29207	1,488	21,340
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-1204C&S	0	3,911
		PGA067-2204C&S	5,366	0
		PGA067-3204C	623	0
	Program Total		5,989	3,911

## Schedule 1

STODDARD COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Health -			
93.919	Cooperative Agreements for State-Based	ERS161-10009	0	15,375
	Comprehensive Breast and Cervical Cancer	ERS161-20046	23,346	8,625
	Early Detection Programs			
	Program Total		23,346	24,000
93.991	Preventive Health and Health Services Block Grant	2000B1MOPRVS	5,000	436
93.994	Maternal and Child Health Services	ERS146-1204M	5,220	28,342
	Block Grant to the States	AOC01380036	6,416	7,069
		N/A	0	100
		ERS175-2073F	16,023	2,509
		N/A	425	5,510
		N/A	9,418	0
		ERS146-2204M	18,097	0
		ERS146-3204M	4,050	0
		CHO20027071	98	0
	Program Total		59,747	43,530
	Total Expenditures of Federal Awards		\$ 794,815	496,370

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

STODDARD COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Stoddard County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or

contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Of the amounts for Immunization Grants (CFDA number 93.268), \$40,511 and \$48,974 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the State Department of Health during the years ended December 31, 2002 and 2001. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$425 and \$5,510 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2002 and 2001. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided \$348,768 and \$129,012 to subrecipients under the Highway Planning and Construction Program (CFDA number 20.205) during the years ended December 31, 2002 and 2001.



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission

and

Officeholders of Stoddard County, Missouri

### Compliance

We have audited the compliance of Stoddard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable



assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Stoddard County, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

#### Internal Control Over Compliance

The management of Stoddard County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 through 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance

with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 02-1 and 02-3 to be material weaknesses.

This report is intended for the information of the management of Stoddard County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Original Signed by Auditor

SCHOTT & VAN DE VEN

May 16, 2003

STODDARD COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2002 AND 2001

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes    x no

Reportable condition identified that is  
not considered to be a material weakness? \_\_\_\_\_ yes    x none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes    x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? x yes    \_\_\_\_\_ no

Reportable condition identified that is  
not considered to be a material weakness x yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

☒ yes    ☐ no

Identification of programs tested as major programs:

CFDA or  
Other Identifying

<u>Number</u>	<u>Program Title</u>
16.580	Methamphetamine Hot Spots
16.710	Public Safety Partnership and Community Policing Grant
20.205	Highway Planning and Construction
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

☐ yes    ☒ no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding(s) that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

**02-1 Subrecipient Monitoring**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Pass-Through Entity Number:	BRO-103
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

During the years ended December 31, 2002 and 2001, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These funds were passed through to several townships and special road districts within the County. The County Commission did not adequately monitor these subrecipients for compliance with applicable laws and regulations. Grant funding for these programs totaled \$477,780 for the two years.

Under provisions of the Single Audit Act and OMB Circular A-133, the County, as the primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. The County did not receive a written contract with the subrecipients regarding the use of the federal funds. The County did not obtain any proof from the townships or special road districts that the contractors were actually paid. By not properly monitoring the subrecipients, the County cannot ensure that the grant monies are being expended in accordance with federal requirements. As the grant recipient, the County is ultimately responsible for ensuring the compliance with federal requirements.

**RECOMMENDATION**

We recommend that the County Commission obtain contracts and proof of payment from the subrecipients to ensure compliance with applicable laws and regulations.

## **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County does not pay anything until approved and inspected by the engineering firm. The engineer sends the request to the state for money. Upon receipt of the money from the State, the County issues a check to the township or special road district where the project is located. In the future, the County Commission will require paid receipts or copies of checks be sent to them by the road district or township upon their payment to the contractor or engineer.*

### **02-2 Schedule of Expenditures and Federal Awards**

Federal Grantor:	U.S. Department of Justice
Program:	16.580- Methamphetamine Hot Spots
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Health and Human Services
Program:	93.268- Immunization Grants
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

The County prepared a schedule of expenditures of federal awards for each of the two years ended December 31, 2002. The information shown on these reports for some of the programs was not accurate.

The County's schedule did not include the juvenile block grants. It also included several grants for incorrect dollar amounts. As a result, the County over reported expenditures by approximately \$103,000 in 2002 and \$9,000 in 2001.

Without an accurate and complete schedule of expenditures, the federal financial activity may not be properly audited and reported in accordance with the federal requirements.

### **RECOMMENDATION**

We recommend that the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Clerk should make sure all the various departments that may

provide information for this schedule are aware of the importance of the accuracy and provide guidance to them if necessary.

### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk will do their best to fill out this form as correctly as possible with the information made available to them.*

#### **02-3 Report Reconciliation**

Federal Grantor:	U.S. Department of Justice
Program:	16.580- Methamphetamine Hot Spots
Program:	16.710- Public Safety Partnership and Community Policing Grants
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

The Sheriff's department received both of these federal grants. The Sheriff's department prepared all of the applicable financial reports. However, the financial information was not reconciled with the general ledger information prepared by the County Clerk's office. Therefore, the amounts shown on the financial reports were incorrect in some instances. The differences for these years were considered immaterial.

### **RECOMMENDATION**

We recommend that all the financial reports for federal grants be reconciled with the general ledger before being submitted.

### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission will request that the Sheriff reconcile with the general ledger before submitting the applicable reports.*

STODDARD COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the years ended December 31, 2000 and 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.



STODDARD COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on the prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

**Prior Audit Findings**

- 00-1 Subrecipient Monitoring: Not Implemented. See finding number 02-1 in the current year Schedule of Findings and Questioned Costs.
- 00-2 Schedule of Expenditures and Federal Awards: Not Implemented. See finding number 02-2 in the current year Schedule of Findings and Questioned Costs.



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To the County Commissioners  
Stoddard County, Missouri

In planning and performing our audit of the special-purpose financial statements of Stoddard County, Missouri for the years ended December 31, 2002 and 2001, we considered the County's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our reports dated May 16, 2003 on the financial statements and A-133 compliance of Stoddard County, Missouri. Our comments and recommendations are intended to improve the internal control and operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

1. Procedures Manual:

- a. We would like to suggest that the County consider developing an accounting procedures manual. A manual could help to standardize the accounting processes and could be used to inform all employees of desired operating procedures and policies. Such a manual could be of great help if an employee is incapacitated and unable to perform their normal duties for a period of time. Also, if new office holders are elected, the manual could serve as a valuable training aid.
- b. We also believe the County should have a computer software manual that can guide employees on operating the software properly.

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2. Transfers:

- a. During the audit, it was discovered that a transfer from the general fund was recorded in 2000, but the transfer in to the archives fund wasn't recorded until 2001.

It appears the treasurer held the check from the general fund instead of depositing it into the archives fund immediately.

It is imperative that both sides of the transfer be recorded in the same accounting period. Good communication between the clerk's and treasurer's offices should eliminate this problem.

- b. The combined accumulated interest fund (an agency fund) apparently did not transfer the interest earnings to the various other County funds as it is required to do. The transfer is normally done in January for the previous year, however, no such transfer was made in 2002. At the end of 2002, the accumulated interest fund had a balance of \$181,440.

It appears that the previous treasurer normally made the computation and transferred the funds. When she left office at the end of 2001, no one else made the transfer.

As previously stated in 1a, a procedures manual would have provided the details of this transaction and prevented the oversight. If the transfers for 2001 and 2002 have not been completed yet, it should be done as soon as possible.

3. Grant Accounting:

Appropriate accounting for federal award expenditures is very important. Separate general ledger accounts should be established to record the expenditures for every federal award. This procedure has been done for some of the awards but not all. The juvenile incentive block grant expenditures were not recorded in separate accounts.

The use of this procedure will aid in the preparation of the schedule of expenditures of federal awards and the various financial reports required by the award agencies. In addition, the required financial reports should be reconciled with the general ledger before they are submitted to the award agencies.

4. Bonding:

Several County employees responsible for cash transactions are not bonded. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled. We suggest the County investigate obtaining bonds for these employees to reduce unnecessary risks.

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5. Payroll:

- a. The clerk's office handles all the payroll related activity for the County. The payroll is processed using computer software. However, the clerk's office is also maintaining a manual ledger card for each employee's payroll. This ledger card shows the employee's gross wages, all deductions, hours worked, etc. The clerk's office stated that the software does not provide all of this information in one report. This manual posting is time consuming.

We suggest the County discuss this problem with the software provider. A small revision could possibly be made to the program that could eliminate this time consuming task and enable that employee to provide more beneficial services to the County.

- b. The County does not currently have a cafeteria plan in place for its health insurance. A cafeteria plan (Code Section 125 Plan) would enable any employee that is paying for a portion of the health insurance coverage to have it deducted from their paycheck as a pre-tax deduction instead of an after-tax deduction. This would save the employee and the County tax dollars. Depending on the total amount of the health insurance deductions, the savings could be substantial.

We suggest the County investigate this option.

We believe that the implementation of these recommendations will provide the County with a stronger system of internal accounting control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

Yours truly,

SCHOTT & VAN DE VEN

Original Signed by Auditor

May 16, 2003

Cape Girardeau, Missouri